

 <b>Executive – 14 November 2012</b>		<b>Agenda Item No.</b>  <b>5</b>
<b>Title</b>	Council Tax Support	
<b>For further information about this report please contact</b>	Andrea Wyatt 01926 456831	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	July and August 2012 Executive	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	Yes/No
<b>Contrary to the budgetary framework:</b>	Yes/No
<b>Key Decision?</b>	Yes/No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes/No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	Yes/No (If No state why below)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	23/10/12	Andy Jones
Head of Service	23/10/12	Mike Snow
CMT	23/10/12	Chris Elliott, Andy Jones, Bill Hunt
Section 151 Officer	23/10/12	Mike Snow
Monitoring Officer	23/10/12	Andy Jones
Finance	23/10/12	Mike Snow
Portfolio Holder(s)	23/10/12	Andrew Mobbs
Consultation & Community Engagement		
Consultation documents were sent to 4,000 residents within the District. 2,000 of these were Benefit recipients and 2,000 were non Benefit recipients and were chosen at random. The consultation was available on the website and information was disseminated to CAVA and was included in their newsletters and some briefing sessions also took place.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

## 1. SUMMARY

- 1.1 The purpose of this report is to provide members with details regarding the outcome of the Council Tax Support consultation which ended on the 19<sup>th</sup> October 2012 and provide an update on a recent Government announcement on an additional Council Tax Support Grant for 2013/14.

## 2. RECOMMENDATION

- 2.1 That members accept Option 4 as the Council's support scheme for 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 and continue with a council tax support scheme based on the current council tax benefit scheme

## 3. REASONS FOR THE RECOMMENDATION

- 3.1 Following the August Executive Report, four options for changes to the Council Tax Support scheme from 1 April 2013 were consulted upon. The public consultation over the Council's proposed Council Tax Support scheme has now closed with 706 responses received. The results are summarised below:-

	% of respondents
Option 1	55
Option 2	16.8
Option 3	13.6
Option 4	14.6

Respondents	Over 65 on Benefit	Over 65 not on Benefit	Under 65 on Benefit	Under 65 not on Benefit
Option 1	11	69	163	145
Option 2	5	20	39	55
Option 3	5	29	29	33
Option 4	4	16	63	20

Respondents	% of respondents over 65 on Benefit	% of respondents over 65 not on Benefit	% of respondents under 65 on Benefit	% of respondents under 65 not on Benefit
Option 1	44	51	55	57
Option 2	20	15	13	22
Option 3	20	22	11	13
Option 4	16	12	21	8

- 3.2 Details of the 4 options are included in Section 7. Option 1 was the Council's preferred option to be introduced from 1 April 2013. This option made no changes for existing claimants, with limited changes being brought in for new claimants. This option was intended to be an interim solution as it would not be within the funding provided by Central Government. Further changes to the scheme would need to be considered ahead of 2014/15.
- 3.3 With the Government grant now on offer as discussed in paragraph 5.2, there is logic in accepting Option 4, that is, maintain the existing scheme for 2013/14. This would offer the following advantages:-

- The scheme should only need to be changed once, that is for 2014/15. This will reduce any confusion for claimants.
- This will benefit claimants, with there being no reduction in support for new claimants.
- The changes proposed in Option 1 were only intended to be for one year only, with more fundamental changes to the scheme for the second year. By making no changes now, it will enable more efforts to be concentrated on preparing for a 2014/15 scheme.
- Financially, it would be better to accept the grant and not make the changes for Option 1. As well as benefitting the district council, it would also benefit Warwickshire County Council and Warwickshire Police Authority.

3.4 The Council has consulted on the proposed scheme, with the results discussed above; Option 1 being the most favoured. Within information provided by Central Government it says:-

***Do we need to consult again if we change our scheme to comply with the grant?***

*Local authorities that have already consulted on their proposals for a scheme, will need to consider, if they want to apply for the grant, whether they will need to make changes to their proposed schemes in order to be eligible for the funding, the scale of any changes that are required and whether these require further consultation.*

If the Council now agrees to go for Option 4 (no change), it is proposed that we recanvass the views of our major preceptors and have a further public consultation period of 21 days to mitigate the possibility of legal challenge.

- 3.5 By recommending Option 4, no change to the current scheme and accepting the government one-off grant, it will now be more important than ever that a new scheme is brought in for 2014/15 so as to reduce the cost of Council Tax Support to the District Council, Warwickshire County Council and Warwickshire Police Authority in future years.
- 3.6 In view of this change from Option 1 to Option 4, legal opinion has been sought as option 4 is not in line with the majority response to the consultation, but under which no parties will be worse off financially. That opinion has concluded that on balance it is reasonable to proceed as proposed with option 4 although it is recommended that minimal further consultation would be appropriate.
- 3.7 The Executive agreed in July to delegate powers to the Head of Finance to enable any amendments to be made to the scheme which will have no financial impact to customers, but which it is deemed are required to ensure that the scheme is less complex to administer than the current scheme. The recommendations in this report will not affect this arrangement.

#### **4. POLICY FRAMEWORK**

- 4.1 To remove or reduce the help to people who currently receive assistance to pay their council tax could result in plunging some of the most vulnerable people in society further into poverty. This would contravene the Council's vision to make Warwick District a great place to live, work and visit as set out in the Sustainable Community Strategy.

## **5. BUDGETARY FRAMEWORK**

- 5.1 The financial implications relating to the new Council Tax Support scheme were discussed in the July Executive report. The proposed scheme will not make the necessary reductions in support to claimants so as to make the scheme cost neutral on the major local authorities (Warwick District Council, Warwickshire County Council and Warwickshire Police Authority). The net cost to WDC is estimated to be £90,000 which has been factored into the Council's financial projections.
- 5.2 On 19<sup>th</sup> October the Government announced additional financial support to local authorities not passing on the full reduction in Government financial support for the new scheme within the following parameters:-
- Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability
  - The taper rate does not increase above 25%
  - There is no sharp reduction in support for those entering work (i.e. the taper should continue to operate as under current council tax benefit regulations)

This support would be for 2013/14 only, with WDC able to claim £22,300. WCC and WPA would also be eligible to receive proportionate amounts, giving £199k in total in respect of the Warwick District scheme.

- 5.3 The Council's proposed scheme (Option 1) does not comply with the parameters above. This is notably in respect of some new claimants would be eligible for over 8.5% of their net council tax liability, whereas under the current scheme they would be entitled to 100% support. The claimants most likely to be effected are those with large amounts of capital, and those in receipt of child benefit for more than one child.
- 5.4 Whilst the Council's proposed scheme was only to apply for new claimants, with all current claimants protected, the Council would not be eligible to claim the grant.
- 5.5 By only applying to new claimants, the likely savings from the original proposed scheme (Option 1) would not be significant. This is difficult to estimate as it will depend on the nature and number of new claimants during 2013/14. However, it is expected that the savings from that scheme would be below the total grant of £199k. Financially, it is more advantageous to stay with the current scheme (Option 4) and make no changes for any claimants for 2013/14 and for the Council to benefit from the one-off grant on offer.

## **6. ALTERNATIVE OPTION(S) CONSIDERED**

- 6.1 There were 3 other options consulted on, however, option 1 is the favoured option from the responses received.

## **7. BACKGROUND**

- 7.1 Following the July and August Executive reports, the options consulted upon are set out below:-

### **Option 1**

All claimants receiving council tax benefit on the 31 March 2013 would have their benefit assessed from the 1 April 2013 using the old rules until the 31 March 2014 or until their claim ends.

All new claims received on or after the 1 April 2013 would have their benefit assessed using new rules;

- There would be no second adult rebate scheme (This is paid to a liable person who has 1 or more adults living in the property on low incomes, who are not liable to pay council tax in their own right).
- Child Benefit would only be disregarded for the eldest child, currently this is disregarded for every child in the household.
- Claimants with £10,000 savings/capital would not be able to get help with their council tax, this is currently set at £16,000.
- The limit at which savings/capital are taken into account in the calculation is reduced from £6,000 to £3,000.

This option would not make the required savings. However we know that there are other changes planned to the welfare system from 1 April 2013 which will mean that many people who claim council tax benefit will see a reduction in their other benefits.

We believe that to increase the amount of council tax they currently pay at the same time would increase the financial burden and force people into poverty.

### **Option 2**

All working age benefit claimants to pay a minimum of 20% towards their council tax from 1 April 2013. Many people who currently receive full council tax benefit, do so because they are vulnerable and cannot work and are unable to improve their financial situation. We believe that this option could make the savings required;

however this will only be achieved if we can recover the additional money from claimants, many of which are already struggling financially. This option would mean that all working age claimants would need to pay a minimum of £197.74 a year towards their council tax bill.

### **Option 3**

Set a maximum level of support so that no one could receive above the threshold. This means that no one would receive more than a set amount of support and is similar to option 2 in that all working age claimants would have to pay something towards their council tax.

### **Option 4**

Make no changes and adopt the current scheme in its entirety.